

**Pagan Osborne Limited**  
**Financial Statements**  
**For**  
**31st October 2014**

**Company Registration Number SC226271**



**EQ ACCOUNTANTS LLP**  
Chartered Accountants & Statutory Auditor  
Pentland House  
Saltire Centre  
Glenrothes  
Fife  
KY6 2AH

# **Pagan Osborne Limited**

## **Financial Statements**

**Year Ended 31st October 2014**

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# **Pagan Osborne Limited**

## **Officers and Professional Advisers**

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### **The Board of Directors**

Mr A L Morris  
Miss E L Calderwood  
Mr C M Clark  
Mr A G Grant

### **Company Secretary**

Pagan Osborne

### **Registered Office**

12 St Catherine Street  
Cupar  
Fife  
KY15 4HH

### **Auditor**

EQ Accountants LLP  
Chartered Accountants  
& Statutory Auditor  
Pentland House  
Saltire Centre  
Glenrothes  
Fife  
KY6 2AH

### **Bankers**

HSBC Bank plc  
76 Hanover Street  
Edinburgh  
EH12 1HQ

# **Pagan Osborne Limited**

## **Strategic Report**

**Year Ended 31st October 2014**

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The directors have pleasure in presenting their strategic report for the year ended 31st October 2014.

### **Principal Activities**

The principal activity of the company during the year was that of solicitors and property agents.

### **Fair Review of the Business**

The results for the financial year reflect a transitional period for the company with various operational and strategic changes implemented to benefit the company going forward. Although the changes have impacted adversely on the trading results in the current year, before accounting for exceptional items, the company's financial position has significantly improved and the directors are optimistic that the company will attain a sustainable level of improved profitability in forthcoming accounting periods.

### **Principal Risks and Uncertainties**

The task of engaging new clients and the provision of quality service to existing clients remains paramount. Although the legal sector has been challenging in recent years, impacting on activity levels and profitability the general economic outlook is more encouraging. The specific risks affecting the company including external factors are managed by a strong board of directors.

The company's principal financial instruments comprise bank balances, bank overdrafts, loans to the company and hire purchase/finance lease agreements. The main purpose of these instruments is to finance company operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is detailed below.

In respect of bank balances the liquidity risk is managed by maintaining such flexibility through the use of overdrafts at floating rates of interest.

In respect of loans these comprise bank loans, loans from the directors, loans from financial institutions and other loans. The interest rate on the loans from financial institutions is variable but the monthly repayments are fixed. The interest rate on other loans is fixed with a combination of fixed and scheduled lump sum repayments. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments.

The loans from the directors incur interest either at a fixed or variable rate depending on the date of advance of the loan. Restrictions on repayment of the directors' loans are in place in accordance with other debt covenants.

In respect of hire purchased/finance leased assets, the liquidity risk in respect of these is managed to ensure sufficient funds are available to meet repayments.

# Pagan Osborne Limited

## Strategic Report *(continued)*

Year Ended 31st October 2014

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### Safety and Health, Environment and Quality

The company recognises the importance of, and has policies and procedures in place to ensure its environmental, health and safety requirements are met at all times.

Signed by order of the directors

Approved by the directors on

16/6/15

Pagan Osborne  
Company Secretary

.....  
P. Osborne

# **Pagan Osborne Limited**

## **Directors' Report**

**Year Ended 31st October 2014**

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The directors present their report and the financial statements of the company for the year ended 31st October 2014.

### **Results and Dividends**

The profit for the year, after taxation, amounted to £1,066,287. Particulars of dividends paid are detailed in note 11 to the financial statements.

### **Directors**

The directors who served the company during the year were as follows:

Mr A L Morris  
Miss E L Calderwood  
Mr C M Clark  
Mr A G Grant

### **Directors' Responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Pagan Osborne Limited

## Directors' Report *(continued)*

Year Ended 31st October 2014

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Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:  
12 St Catherine Street  
Cupar  
Fife  
KY15 4HH

Signed by order of the directors



Pagan Osborne  
Company Secretary

16/6/16.....

Approved by the directors on

# **Pagan Osborne Limited**

## **Independent Auditor's Report to the Shareholders of Pagan Osborne Limited**

**Year Ended 31st October 2014**

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We have audited the financial statements of Pagan Osborne Limited for the year ended 31st October 2014 on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st October 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on Other Matter Prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# Pagan Osborne Limited

## Independent Auditor's Report to the Shareholders of Pagan Osborne Limited (continued)

Year Ended 31st October 2014

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### Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*EQ Accountants LLP*

MARK GIBSON (Senior Statutory Auditor)  
For and on behalf of

EQ ACCOUNTANTS LLP  
Chartered Accountants  
& Statutory Auditor  
Pentland House  
Saltire Centre  
Glenrothes  
Fife  
KY6 2AH

*22/06/15*

# Pagan Osborne Limited

## Profit and Loss Account

Year Ended 31st October 2014

	Note	2014 £	2013 £
<b>Turnover</b>	<b>2</b>	4,771,515	5,320,769
Cost of sales		128,928	47,237
<b>Gross Profit</b>		4,642,587	5,273,532
Administrative expenses excluding exceptional items		4,840,440	4,831,799
Exceptional administrative expenses	<b>3</b>	4,350	226,778
Administrative expenses		4,844,790	5,058,577
Other operating income		(5,944)	(16,925)
<b>Operating (Loss)/Profit</b>	<b>3</b>	(196,259)	231,880
Profit on disposal of operations	<b>6</b>	419,909	—
Exceptional item - loan written off	<b>7</b>	1,359,200	—
		1,582,850	231,880
Interest receivable		66,811	124,965
Change in market value of investments	<b>8</b>	(2,448)	4,152
Interest payable and similar charges	<b>9</b>	(259,555)	(149,867)
<b>Profit on Ordinary Activities Before Taxation</b>		1,387,658	211,130
Tax on profit on ordinary activities	<b>10</b>	321,371	69,562
<b>Profit for the Financial Year</b>		1,066,287	141,568

All of the activities of the company are classed as continuing.

The notes on pages 13 to 26 form part of these financial statements.

# Pagan Osborne Limited

## Balance Sheet

31st October 2014

	Note	2014 £	2013 £
<b>Fixed Assets</b>			
Intangible assets	12	903,467	1,120,000
Tangible assets	13	593,701	675,146
Investments	14	15,299	17,746
		<u>1,512,467</u>	<u>1,812,892</u>
<b>Current Assets</b>			
Debtors	15	1,983,299	2,455,840
Cash at bank and in hand		75,254	248
		<u>2,058,553</u>	<u>2,456,088</u>
<b>Creditors: Amounts Falling due Within One Year</b>	16	<u>1,858,644</u>	<u>2,377,375</u>
<b>Net Current Assets</b>		<u>199,909</u>	<u>78,713</u>
<b>Total Assets Less Current Liabilities</b>		<u>1,712,376</u>	<u>1,891,605</u>
<b>Creditors: Amounts Falling due after More than One Year</b>	17	754,431	1,681,623
<b>Provisions for Liabilities</b>			
Deferred taxation	19	35,203	53,769
		<u>922,742</u>	<u>156,213</u>
<b>Capital and Reserves</b>			
Called-up equity share capital	22	40,594	40,594
Share premium account	23	52,341	52,341
Other reserves	24	12,176	12,176
Profit and loss account	25	817,631	51,102
<b>Shareholders' Funds</b>	26	<u>922,742</u>	<u>156,213</u>

These accounts were approved by the directors and authorised for issue on 16/6/15, and are signed on their behalf by:

  
Mr A L Morris

Company Registration Number: SC226271

The notes on pages 13 to 26 form part of these financial statements.

# Pagan Osborne Limited

## Cash Flow Statement

Year Ended 31st October 2014

	2014	2013
	£	£
<b>Net Cash Inflow from Operating Activities</b>	1,037,196	760,941
<b>Returns on Investments and Servicing of Finance</b>		
Interest received	66,811	124,965
Interest paid	(227,310)	(146,851)
Interest element of hire purchase and finance lease	(10,586)	(3,016)
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>	(171,085)	(24,902)
<b>Taxation</b>	(68,227)	(113,371)
<b>Capital Expenditure and Financial Investment</b>		
Payments to acquire tangible fixed assets	(50,233)	(213,212)
<b>Net Cash Outflow for Capital Expenditure and Financial Investment</b>	(50,233)	(213,212)
<b>Acquisitions and Disposals</b>		
Receipts from sale of operation	370,909	—
<b>Net Cash Inflow from Acquisitions and Disposals</b>	370,909	—
<b>Equity Dividends Paid</b>	(299,758)	(141,000)
<b>Cash Inflow Before Financing</b>	818,802	268,456
<b>Financing</b>		
Issue of equity share capital	—	2,765
Share premium on issue of equity share capital	—	42,241
Repayment of bank loans	(300,000)	(386,071)
Capital element of hire purchase and finance lease	(49,173)	(28,972)
Net outflow from other long-term creditors	(8,863)	—
Repayment of directors' long-term loans	281,219	—
<b>Net Cash Outflow from Financing</b>	(76,817)	(370,037)
<b>Increase/(Decrease) in Cash</b>	741,985	(101,581)

The notes on pages 13 to 26 form part of these financial statements.

# Pagan Osborne Limited

## Cash Flow Statement

Year Ended 31st October 2014

### Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2014	2013
	£	£
Operating (loss)/profit	(196,259)	231,880
Loan written off	(1,500,000)	–
Amortisation	90,533	93,333
Depreciation	141,026	107,258
Loss on disposal of fixed assets	24,288	–
Decrease/(increase) in debtors	647,541	(137,975)
Increase in creditors	470,867	466,445
Exceptional item - loan written off	1,359,200	–
Net cash inflow from operating activities	<u>1,037,196</u>	<u>760,941</u>

### Reconciliation of Net Cash Flow to Movement in Net Debt

	2014	2013
	£	£
Increase/(decrease) in cash in the period	741,986	(101,581)
Net cash outflow from bank loans	300,000	386,071
Cash outflow in respect of hire purchase and finance lease	49,173	28,972
Net cash outflow from/(inflow) from other long-term creditors	8,863	(131,256)
Cash (inflow) from directors' long-term loans	<u>(281,219)</u>	–
Change in net debt resulting from cash flows	818,803	182,206
New finance leases/hire purchase agreements	(33,637)	(94,119)
Non-cash adjustment to bank loans	1,500,000	–
Non-cash adjustment to long term directors' loans	<u>(323,485)</u>	–
Movement in net debt in the period	<u>1,961,681</u>	<u>88,087</u>
Net debt at 1 November 2013	<u>(2,684,517)</u>	<u>(2,772,604)</u>
Net debt at 31 October 2014	<u>(722,837)</u>	<u>(2,684,517)</u>

The notes on pages 13 to 26 form part of these financial statements.

# Pagan Osborne Limited

## Cash Flow Statement

Year Ended 31st October 2014

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### Analysis of Changes in Net Debt

	At 1 Nov 2013 £	Cash flows £	Other changes £	At 31 Oct 2014 £
Net cash:				
Cash in hand and at bank	248	75,006	—	75,254
Overdrafts	(666,979)	666,979	—	—
	<u>(666,731)</u>	<u>741,985</u>	<u>—</u>	<u>75,254</u>
Debt:				
Debt due within 1 year	(300,000)	300,000	—	—
Debt due after 1 year	(1,631,256)	(272,356)	1,176,515	(727,097)
Hire purchase and finance lease agreements	(86,530)	49,173	(33,637)	(70,994)
	<u>(2,017,786)</u>	<u>76,817</u>	<u>1,142,878</u>	<u>(798,091)</u>
Net debt	<u>(2,684,517)</u>	<u>818,802</u>	<u>1,142,878</u>	<u>(722,837)</u>

The notes on pages 13 to 26 form part of these financial statements.

**Year Ended 31st October 2014**

# **Pagan Osborne Limited**

## **Notes to the Financial Statements**

**Year Ended 31st October 2014**

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### **1. Accounting Policies *(continued)***

#### **Operating Lease Agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Pension Costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### **Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Investments**

Listed investments are included at market value. Profits or losses arising from disposal of fixed asset investments are treated as part of the result from ordinary activities.



# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

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### 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2014 £	2013 £
United Kingdom	<u>4,771,515</u>	<u>5,320,769</u>

The aggregate rentals receivable in respect of operating leases for land and buildings amounts to £5,944 (2013 - £16,925).

### 3. Operating (Loss)/Profit

Operating (loss)/profit is stated after charging:

	2014 £	2013 £
Amortisation of intangible assets	90,533	93,333
Depreciation of owned fixed assets	104,978	87,923
Depreciation of assets held under hire purchase and finance lease agreements	36,048	19,335
Loss on disposal of fixed assets	24,288	—
Auditor's remuneration		
- as auditor	8,500	6,600
Exceptional item - relocation and dilapidations costs	<u>4,350</u>	<u>226,778</u>

The exceptional item relates to dilapidation costs in respect of a property lease which expired in June 2013 and relocation costs associated with a branch office move to a new property.

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

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### 4. Particulars of Employees

The average number of staff employed by the company during the financial year amounted to:

	2014	2013
	No	No
Number of fee earners	40	48
Number of non-fee earners	65	63
Number of viewing agents	15	–
Number of directors	4	4
	<u>124</u>	<u>115</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	2,534,505	2,556,227
Social security costs	233,222	235,856
Other pension costs	76,273	87,757
	<u>2,844,000</u>	<u>2,879,840</u>

### 5. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Aggregate remuneration	<u>113,439</u>	<u>140,157</u>

### 6. Profit on Disposal of Operations

	2014	2013
	£	£
Profit on sale of operation	<u>419,909</u>	<u>–</u>

### 7. Exceptional Item - Loan Written Off

The exceptional item in the current financial year relates to the waiving of debt from the company's previous bankers net of related costs.

### 8. Change in Market Value of Investments

	2014	2013
	£	£
Decrease/(increase) in market value of listed investments	<u>2,448</u>	<u>(4,152)</u>

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

### 9. Interest Payable and Similar Charges

	2014	2013
	£	£
Interest payable on bank borrowings	227,310	146,851
Finance charges	10,586	3,016
Other similar charges payable	21,659	—
	<u>259,555</u>	<u>149,867</u>

### 10. Taxation on Ordinary Activities

#### (a) Analysis of charge in the year

	2014	2013
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	339,937	45,897
Total current tax	<u>339,937</u>	<u>45,897</u>
Deferred tax:		
Origination and reversal of timing differences (note 19)		
Capital allowances	(6,413)	23,703
Other	<u>(12,153)</u>	<u>(38)</u>
Total deferred tax (note 19)	<u>(18,566)</u>	<u>23,665</u>
Tax on profit on ordinary activities	<u>321,371</u>	<u>69,562</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2013 - 20%).

	2014	2013
	£	£
Profit on ordinary activities before taxation	<u>1,387,658</u>	<u>211,130</u>
Profit on ordinary activities by rate of tax	291,408	42,226
Expenses not deductible for tax purposes	13,832	19,784
Depreciation for period in excess of capital allowances	13,778	(16,151)
Indexation allowance	(4,728)	—
Short term timing differences	12,761	38
Change in tax rate	<u>12,886</u>	<u>—</u>
Total current tax (note 10(a))	<u>339,937</u>	<u>45,897</u>

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

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### 11. Dividends

#### Equity dividends

	2014 £	2013 £
Paid		
Equity dividends on Ordinary W shares	122,808	58,662
Equity dividends on Ordinary X shares	75,990	35,874
Equity dividends on Ordinary Y shares	100,960	46,464
	<u>299,758</u>	<u>141,000</u>

### 12. Intangible Fixed Assets

	Goodwill £
<b>Cost</b>	
At 1st November 2013	1,400,000
Disposals	(168,000)
<b>At 31st October 2014</b>	<u>1,232,000</u>
<b>Amortisation</b>	
At 1st November 2013	280,000
Charge for the year	90,533
On disposals	(42,000)
<b>At 31st October 2014</b>	<u>328,533</u>
<b>Net Book Value</b>	
<b>At 31st October 2014</b>	<u>903,467</u>
At 31st October 2013	<u>1,120,000</u>

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

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### 13. Tangible Fixed Assets

	<b>Freehold Property £</b>	<b>Leasehold Property £</b>	<b>Office Equipment £</b>	<b>Fixtures and Fittings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 Nov 2013	153,883	552,221	1,424,351	404,170	9,375	2,544,000
Additions	–	18,846	61,363	3,660	–	83,869
Disposals	–	–	(1,259,225)	–	–	(1,259,225)
<b>At 31 Oct 2014</b>	<u>153,883</u>	<u>571,067</u>	<u>226,489</u>	<u>407,830</u>	<u>9,375</u>	<u>1,368,644</u>
<b>Depreciation</b>						
At 1 Nov 2013	22,522	231,484	1,318,298	293,230	3,320	1,868,854
Charge for the year	36,361	43,061	43,309	15,951	2,344	141,026
On disposals	–	–	(1,234,937)	–	–	(1,234,937)
<b>At 31 Oct 2014</b>	<u>58,883</u>	<u>274,545</u>	<u>126,670</u>	<u>309,181</u>	<u>5,664</u>	<u>774,943</u>
<b>Net Book Value</b>						
<b>At 31 Oct 2014</b>	<u>95,000</u>	<u>296,522</u>	<u>99,819</u>	<u>98,649</u>	<u>3,711</u>	<u>593,701</u>
At 31 Oct 2013	<u>131,361</u>	<u>320,737</u>	<u>106,053</u>	<u>110,940</u>	<u>6,055</u>	<u>675,146</u>

Freehold property depreciation has been increased by £33,283 to reduce the net book value to realisable value based on the post balance sheet sale of the properties.

#### Hire purchase and finance lease agreements

Included within the net book value of £593,701 is £9,870 (2013 - £15,248) relating to assets held under hire purchase agreements, and £71,342 (2013 - £68,375) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £5,378 (2013 - £8,442), and £30,670 (2013 - £10,893) in respect of assets held under finance lease agreements.

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

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### 14. Investments

	<b>Listed Investments £</b>
<b>Cost or Valuation</b>	
At 1st November 2013	17,746
Revaluations	(2,447)
At 31st October 2014	<u>15,299</u>
<b>Net Book Value</b>	
At 31st October 2014	<u>15,299</u>
At 31st October 2013	<u>17,746</u>

In the event that the investment was sold at its revalued amount no tax charge would arise.

### 15. Debtors

	<b>2014 £</b>	<b>2013 £</b>
Trade debtors	669,348	735,401
Amounts recoverable from clients in respect of unbilled work	642,394	1,214,806
Other debtors	385,988	214,541
Directors' current accounts	194,059	210,070
Prepayments and accrued income	91,510	81,022
	<u>1,983,299</u>	<u>2,455,840</u>

The debtors above include the following amounts falling due after more than one year:

	<b>2014 £</b>	<b>2013 £</b>
Other debtors	<u>52,709</u>	<u>52,709</u>

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

### 16. Creditors: Amounts Falling due Within One Year

	2014	2013
	£	£
Bank loans and overdrafts	—	966,979
Trade creditors	282,780	299,821
Other creditors including taxation and social security:		
Corporation tax	339,937	68,227
PAYE and social security	124,578	64,985
VAT	147,394	285,199
Hire purchase and finance lease agreements	43,660	36,163
Other creditors	859,199	303,035
Directors' current accounts	—	323,485
	<u>1,514,768</u>	<u>1,081,094</u>
Accruals and deferred income	61,096	29,481
	<u>1,858,644</u>	<u>2,377,375</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2014	2013
	£	£
Bank loans and overdrafts	—	966,979
Hire purchase and finance lease agreements	43,660	36,163
Other loans	388,669	—
	<u>432,329</u>	<u>1,003,142</u>

Bank borrowings are secured by way of a standard security over the properties owned by the company and by way of a bond and floating charge.

Other loans are secured by way of a standard security over the properties owned by the company and by way of a bond and floating charge.

Hire purchase and finance lease creditors are secured by the relevant assets.

### 17. Creditors: Amounts Falling due after More than One Year

	2014	2013
	£	£
Bank loans	—	1,500,000
Other creditors:		
Hire purchase and finance lease agreements	27,334	50,367
Other creditors	110,466	131,256
Other loans	11,927	—
Directors' loan accounts	604,704	—
	<u>754,431</u>	<u>181,623</u>
	<u>754,431</u>	<u>1,681,623</u>

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

### 17. Creditors: Amounts Falling due after More than One Year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2014	2013
	£	£
Bank loans	—	1,500,000
Hire purchase and finance lease agreements	27,334	50,367
	<u>27,334</u>	<u>1,550,367</u>

Bank borrowings are secured by way of a standard security over the properties owned by the company and by way of a bond and floating charge.

Hire purchase and finance lease creditors are secured by the relevant assets.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2014	2013
	£	£
Bank loans	—	300,000

### 18. Commitments under Hire Purchase and Finance Lease Agreements

Future commitments under hire purchase and finance lease agreements are as follows:

	2014	2013
	£	£
Amounts payable within 1 year	43,660	36,163
Amounts payable between 2 to 5 years	27,334	50,367
	<u>70,994</u>	<u>86,530</u>
Hire purchase and finance lease agreements are analysed as follows:		
Current obligations	43,660	36,163
Non-current obligations	27,334	50,367
	<u>70,994</u>	<u>86,530</u>

### 19. Deferred Taxation

The movement in the deferred taxation provision during the year was:

	2014	2013
	£	£
Provision brought forward	53,769	30,104
Profit and loss account movement arising during the year	(18,566)	23,665
Provision carried forward	<u>35,203</u>	<u>53,769</u>



# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

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### 19. Deferred Taxation *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014	2013
	£	£
Excess of taxation allowances over depreciation on fixed assets	48,390	54,803
Other timing differences	(13,187)	(1,034)
	<u>35,203</u>	<u>53,769</u>

### 20. Commitments under Operating Leases

At 31st October 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	-	39,375	-
Within 2 to 5 years	-	34,620	-	39,408
After more than 5 years	205,076	24,161	107,910	491
	<u>205,076</u>	<u>58,781</u>	<u>147,285</u>	<u>39,899</u>

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

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### 21. Related Party Transactions

No one individual is deemed to have a controlling interest in the company.

Mr A L Morris, Miss E L Calderwood, Mr C M Clark, and Mr A G Grant are all partners in a Partnership, Pagan Osborne.

Management charges of £252,800, (2013 - £211,720) were charged by Pagan Osborne to Pagan Osborne Limited during the year to 31st October 2014. Included within debtors is a balance of £108,541 (2013 - £108,541) due from Pagan Osborne. Included within creditors due within one year is a balance of £10,288 (2013 - £18,680) due to Pagan Osborne.

The company operates loan accounts with each of the directors. The loan accounts incur interest either at a fixed or variable rate depending on the date of advance of the loan. Interest in the amount of £21,659 has accrued in the year to 31st October 2014. As at 31st October 2014, the balances due (to)/from Pagan Osborne Limited on each of the accounts were as follows:

	2014	2013
	£	£
Mr A L Morris	(194,059)	(210,070)
Miss E L Calderwood	523,603	311,528
Mr C M Clark	81,101	11,957

Guarantees have been provided by Mr Morris, Miss Calderwood and Mr Clark on loans and finance leases with outstanding capital balances of £445,279 as at 31st October 2014.

Dividends paid to directors during the year amounted to:

	2014	2013
	£	£
Mr A L Morris	122,808	58,662
Miss E L Calderwood	75,990	35,874
Mr C M Clark	100,960	46,464

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

### 22. Share Capital

#### Authorised share capital:

	2014	2013
	£	£
50,000 Ordinary A shares of £1 each	50,000	50,000
49,996 Ordinary B shares of £1 each	49,996	49,996
1 Ordinary W share of £1 each	1	1
1 Ordinary X share of £1 each	1	1
1 Ordinary Y share of £1 each	1	1
1 Ordinary Z shares of £1 each	1	1
	<u>100,000</u>	<u>100,000</u>

#### Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary A shares of £1 each	40,584	40,584	40,584	40,584
Ordinary B shares of £1 each	7	7	7	7
Ordinary W shares of £1 each	1	1	1	1
Ordinary X shares of £1 each	1	1	1	1
Ordinary Y shares of £1 each	1	1	1	1
	<u>40,594</u>	<u>40,594</u>	<u>40,594</u>	<u>40,594</u>

### 23. Share Premium Account

	2014	2013
	£	£
Balance brought forward	52,341	10,100
Premium on shares issued in the year	–	42,241
Balance carried forward	<u>52,341</u>	<u>52,341</u>

### 24. Other Reserves

	2014	2013
	£	£
Capital redemption reserve	<u>12,176</u>	<u>12,176</u>

# Pagan Osborne Limited

## Notes to the Financial Statements

Year Ended 31st October 2014

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### 25. Profit and Loss Account

	2014	2013
	£	£
Balance brought forward	51,102	50,534
Profit for the financial year	1,066,287	141,568
Equity dividends	(299,758)	(141,000)
Balance carried forward	<u>817,631</u>	<u>51,102</u>

### 26. Reconciliation of Movements in Shareholders' Funds

	2014	2013
	£	£
Profit for the financial year	1,066,287	141,568
New equity share capital subscribed	–	2,765
Premium on new share capital subscribed	–	42,241
Equity dividends	(299,758)	(141,000)
Net addition to shareholders' funds	<u>766,529</u>	<u>45,574</u>
Opening shareholders' funds	<u>156,213</u>	<u>110,639</u>
Closing shareholders' funds	<u>922,742</u>	<u>156,213</u>

### 27. Non-Cash Transactions

During the year, the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of £33,637 (2013 - £94,119).